

48-3a-1036 Effect of interest exchange.

- (1) When an interest exchange in which the acquired entity is a domestic limited liability company becomes effective:
 - (a) the interests in a domestic limited liability company that are the subject of the interest exchange cease to exist or are converted or exchanged, and the members holding those interests are entitled only to the rights provided to them under the plan of interest exchange and to any appraisal rights they have under Section 48-3a-1008;
 - (b) the acquiring entity becomes the interest holder of the interests in the acquired limited liability company stated in the plan of interest exchange to be acquired by the acquiring entity;
 - (c) the certificate of organization of the acquired limited liability company is amended as provided in the statement of interest exchange; and
 - (d) the provisions of the operating agreement of the acquired limited liability company that are to be in a record, if any, are amended to the extent provided in the plan of interest exchange.
- (2) Except as otherwise provided in the operating agreement of a domestic acquired limited liability company, the interest exchange does not give rise to any rights that a member, manager, or third party would have upon a dissolution, liquidation, or winding up of the acquired limited liability company.
- (3) When an interest exchange becomes effective, a person that did not have interest holder liability with respect to a domestic acquired limited liability company and becomes subject to interest holder liability with respect to a domestic entity as a result of the interest exchange has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that arise after the interest exchange becomes effective.
- (4) When an interest exchange becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic acquired limited liability company with respect to which the person had interest holder liability is as follows:
 - (a) The interest exchange does not discharge any interest holder liability to the extent the interest holder liability arose before the interest exchange became effective.
 - (b) The person does not have interest holder liability for any debt, obligation, or other liability that arises after the interest exchange becomes effective.
 - (c) The person has whatever rights of contribution from any other person as are provided by law other than this chapter, this chapter, or the operating agreement of the acquired limited liability company with respect to any interest holder liability preserved under Subsection (4)(a) as if the interest exchange had not occurred.

Enacted by Chapter 412, 2013 General Session